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15 February 1952

MEMORANDUM FOR: ALL ASSISTANT DIRECTORS
CHIEFS - ADMINISTRATIVE STAFFS

SUBJECT: Application of the Agency Pay Increase
of 24 October 1951 to Contract Personnel

1. Although CIA is specifically exempted from the provisions of the Classification Act of 1949, the DCI, as a matter of policy, has directed that the Agency adhere to the provisions of the Act insofar as possible. The recent legislative pay increase (PL 201) is an amendment to the Classification Act of 1949 and, as such, does not apply to CIA personnel. However, in accordance with previous policy, the DCI approved similar increases for Agency employees effective 24 October 1951.

2. This is not necessarily true of persons engaged under contract by CIA. Many, if not most, of such persons are not employees but are independent contractors. Further, the services being rendered have not been classified in accordance with the Classification Act of 1945 as to appropriate grade level. The salaries being paid are negotiated salaries and, in many instances, would be at variance with those prescribed for the positions had they been classified on a strict functional basis. Further, the qualifications of the incumbents are frequently not appraisable in terms of the purely functional requirements of the positions.

3. It is recognized, however, that certain persons engaged under contract may in fact be employees of CIA, may have been engaged at salary levels comparable to those at which the positions would have been classified, and, lastly, that the incumbents may be qualified to hold the positions. If such conditions prevail, it has been determined that these persons should receive the benefits of the pay increase authorized for appointed employees.

4. To secure this benefit for certain contract personnel, it will be necessary to do the following:

- a. Establish the fact that the individual is in fact an employee of CIA. This is a matter of actual relationship and not contractual terminology.
- b. Establish the GS grade level of the position in accordance with the standards of the Agency.
- c. Establish the fact that the individual is qualified to hold the position as classified.

- d. Ensure that none of the provisions of the present contract are inconsistent with the established employee relationship.

5. All Offices or Staffs which believe that certain of their contract personnel qualify as contract employees eligible for the authorized pay increase should submit a revision for the review and classification of specific contract positions. The review and necessary determinations and revisions of contracts will be made by the Special Contracting Officer, Administrative Staff (Special) and designated representatives of the Personnel Office/CIA and the Operating Office concerned. In addition to making the basic determinations, these officials shall determine the effective date of the application of the pay increase which, however, shall be not earlier than that authorized for appointed employees.

WALTER REID WOLF
Deputy Director
for Administration

cc - ADXA(S)

Mr. Maloon, Acting Personnel Director

Mr. Houston, General Counsel

Chief, P&T/PC

Chief-Admin Staff/SC

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